

ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Aroner Analyst: Gloria McConnell Bill Number: AB 150

Related Bills: _____ Telephone: 845-4336 Amended Date: 09/07/99

Attorney: Janet Ballou Sponsor: _____

SUBJECT: Franchise Tax Board Responsible for Single Statewide Automated Child Support System

SUMMARY OF BILL

This bill would designate the Franchise Tax Board (FTB), as agent for California's Title IV-D agency, to be responsible for the procurement, development, implementation and maintenance of the California Child Support Automation System (CCSAS) in accordance with the state's child support plan. CCSAS would be a single statewide automated system that would include the State Case Registry, the State Disbursement Unit and all other necessary data bases and interfaces. FTB would be required to develop a procurement plan that would employ techniques proven successful in FTB's previous technology efforts, incorporate where possible best practices from other government jurisdictions, and take into consideration the events and circumstances that contributed to the failure of the former statewide automated child support system known as SACSS.

SUMMARY OF AMENDMENTS

The September 7, 1999, amendments do not affect FTB's responsibilities under this bill. The amendments relate to funding for certain of the local child support agencies activities, and make technical corrections.

The September 3, 1999, amendments provided detail as to the protest process, staffing needs and funding issues.

The September 2, 1999, amendments added, among other things, the provisions providing for the protest process.

The August 24, 1999, amendments added the provisions reflected in the Summary of Bill. Prior to the August 24, 1999, amendments, the bill did not affect the FTB. This amendment adds the above provisions. In prior versions of this bill, the Department of Social Services (DSS), which is California's Title IV-D agency, would have been responsible for CCSAS.

EFFECTIVE DATE

This bill, as an urgency measure, would be operative immediately upon enactment.

LEGISLATIVE HISTORY

AB 196 (Kuehl: 1999), which recently went to enrollment, and SB 542 (Burton/Schiff: 1999) generally would transfer to FTB all delinquent child support accounts to enhance recovery of the child support arrearages.

Board Position:

_____ S	_____ NA	_____ NP
_____ SA	_____ O	_____ NAR
_____ N	_____ OUA	_____ X PENDING

Department Director

Date

Gerald Goldberg

9/13/1999

PROGRAM HISTORY/BACKGROUND

"Title IV-D" of the federal Social Security Act requires each state to create a program to locate noncustodial parents, establish paternity, establish and enforce child support obligations, and collect and distribute support payments. Title IV-D also requires each state to have a plan that provides for a "single and separate organizational unit" to administer its child support plan and establish a single statewide automated child support system.

In California, the DSS is the Title IV-D agency. In 1992, the State awarded a contract to Lockheed Martin Information Management Systems to develop SACSS. With the failure of SACSS and the termination of the Lockheed contract on November 19, 1997, California law allowed counties, pending establishment of a statewide system, to use interim systems that would comply with federal distribution and other requirements. The statewide system was anticipated to be a linked statewide system consisting of a four-county consortium, a state distribution unit, a statewide case registry, and all other data bases and necessary interfaces. The federal government, however, would not approve the consortium of four linked counties as a single statewide system.

SPECIFIC FINDINGS

Under current law, the Title IV-D agency and the Health and Welfare Agency Data Center (HWDC) are responsible for developing the statewide automated child support system. Currently, DSS/HWDC has been planning and is budgeted for starting the process to implement a single statewide automated child support system at HWDC. According to DSS staff's, approximately \$6.7 million has been budgeted for this purpose.

Under this bill, responsibility for procuring, developing, implementing and maintaining the CCSAS would be shifted from HWDC to FTB, as agent for the Title IV-D agency. All ongoing interim automation activities apart from the FTB responsibilities, including year 2000 remediation efforts and system conversion, would remain with the Title IV-D agency, in consultation with HWDC. As part of its responsibility, FTB would be required to develop a procurement plan that would consider the events and circumstances that contributed to the failure of SACCS and use:

- expertise needed for a successful and efficient implementation of CCSAS and enter into appropriate personal service agreements that do not displace civil service employees; and
- techniques proven successful in FTB's previous technology efforts and incorporate where possible best practices of other jurisdictions.

Prior to procurement, the Title IV-D agency and FTB would develop a project charter with specified elements, including the vendor bidding and contract process, approved by the director and executive officer, respectively.

The Title IV-D agency would be required to consult with FTB as to timelines that the Title IV-D agency would establish for the development and implementation of the CCSAS and as to the training on the use and application of the CCSAS and development of related manuals.

This bill provides for a process involving the Department of General Services whereby a participating bidder may protest the solicitation process resulting in the protesting party's proposal not being selected; However, a protest will not stay the execution of a contract or commencement of work in accordance with the terms of the contract awarded.

Under this bill, FTB would be appropriated \$6.6 million from the General Fund for fiscal year 1999-2000, of which 66% would be paid through federal reimbursement. In addition, under the bill, the Department of Finance, upon request from the FTB and the DSS, would be required to transfer from DSS's budget to FTB's budget the appropriation and positions related to development and procurement of CCSAS for purposes of implementing this bill. If the appropriation is not fully expended during this fiscal year, it could be carried over to and expended in the next fiscal year for the same purpose. The funds appropriated to FTB for the purpose of this bill could not be reduced or redirected without prior approval of the Director of Finance.

Policy Considerations

- FTB has child support program knowledge that is limited to that gained through administering its child support delinquency collection program.
- While the department has developed and managed major tax technology projects, management of technology projects has not been an acknowledged FTB core competency.

Implementation Considerations

In conjunction with DCSS, FTB would develop the project charter to set forth various responsibilities, project scope, business requirements and performance measures to be used to determine the details of the contracts. Staff has not had sufficient time and lacks sufficient information about this CCSAS project to detail an implementation plan. However, from a fundamental perspective of managing a project of this magnitude, development might be divided into components to maximize vendor competition, allow for close tracking of progress, and to hasten completion of the overall system. Initial implementation of the system required by this bill would undoubtedly focus on meeting the federal single system mandates, with follow-up phases to improve efficiency of the case management and customer service function.

Preliminary staffing estimates reflect that due to the complexities of the state and federal mandates and data needs, high consequence of error, sensitivities relating of the project, and the critical need for strong leadership and technology expertise, to manage a project of this magnitude would require at a minimum, three level-two career executive assignments, that would be allowed under this bill. One position would be for each the three technology legs of the system: case management, the State Case Registry and the State Disbursement Unit.

LEGISLATIVELY MANDATED REPORTS

The DCSS with the FTB would be required at least twice annually to provide written or oral reports on the development and implementation of the CCSAS to members of the Legislature and certain other interested parties.

FISCAL IMPACT

Departmental Costs

Staff has not had sufficient time and does not have sufficient information to provide a final estimate of the department's costs attributable to this bill. Preliminary estimates indicate FTB would need at a minimum \$6.6 million for fiscal year 1999/00, as indicated below. Under the bill, in addition to the \$6.6 million, the amount budgeted to DSS/HWDC for the current fiscal year to implement and develop the statewide child support automated system would be transferred to FTB. However, until FTB staff can examine in detail this budgeted amount and the associated expenditures and encumbrances, staff is uncertain as to the total final appropriation that FTB would need. The amount needed, however, would be reflected in an FTB budget change proposal.

	Positions	\$ amount
Personnel services	50	\$4,400,000
Operating expenses and equipment		
Ongoing		800,000
One time		1,400,000
Total costs		\$6,600,000

BOARD POSITION

Pending.